GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4543
ANSWERED ON:12.08.2016
Complaints against Loans
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received complaints against banks for denying loans to eligible candidates of agriculture/education loans in the recent past;

(b) if so, the details and number of complaints received during the last three years, bank-wise; and

(c) the steps taken/being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) & (b): Government receives complaints including complaints related to agriculture/education loans through various modes of communication and from various sources. On receipt of the complaints the matter is taken up at appropriate level with the banks concerned for corrective action. Separate data on specific nature of complaints, such as complaints related to denying loans by banks to eligible candidates of agriculture/education loan is not maintained.

(c) : In order to ensure availability of hassle free agriculture credit to farmers and education loan to student, the following major steps have been taken by the Government:-

Agriculture Loan

â€¢ The Government of India implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh at a reduced interest rate of 7% per annum. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a.

â€¢ The directions on Priority Sector Lending (PSL) issued by RBI mandate all Domestic Scheduled Commercial Banks to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year for lending to Agriculture.

â€¢ In order to ensure that all eligible farmers are provided with hassle-free and timely credit by Banks for their agricultural operations, the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to draw cash to purchase agricultural inputs such as seeds, fertilizers, pesticides as well as meet other agricultural and consumption needs. Tenant farmers, oral lessees and share croppers are also covered under the scheme.

â€¢ To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

â€¢ RBI has conveyed to Banks to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-.

Educational Loan:

â€¢ All Scheduled Commercial Banks have adopted and implemented the Indian Banks' Association (IBA) Model Educational Loan Scheme for providing education loan for pursuing higher education in India and abroad. All the Banks are following guidelines issued by IBA/RBI.

â€¢ All education loans upto Rs. 4 lakh are collateral free as per RBI guidelines. Further, Government of India has launched a Credit Guarantee Fund Scheme for Education Loans (CGFEL) wherein no collateral security/third party guarantee is required for loans upto Rs 7.50 Lakh.

â€¢ In order to simplify the process of raising educational loans, Vidya Lakshmi Portal (VLP) (https://www.vidyalakshmi.co.in) has been launched by the Government. Students can view, apply and track the education loan applications made to banks anytime, anywhere by accessing the portal.